

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT  
OXFORD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

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# CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2011 election)		
Tim Hennes	President	2011
Eileen Schmidt	Vice President	2013
Kathi Huebner	Board Member	2011
Kevin Kinney	Board Member	2011
Elizabeth Momany	Board Member	2011
Mick Kahler	Board Member	2013
Aimee Pitlick	Board Member	2013
(After September 2011 election)		
Eileen Schmidt	President	2013
Rick Hergert	Vice President	2015
Mick Kahler	Board Member	2013
Aimee Pitlick	Board Member	2013
Bob Broghammer	Board Member	2015
Terry Davis	Board Member	2015
Steve Swenka	Board Member	2015
<u>School Officials</u>		
Denise Schares	Superintendent	2012
Lori Robertson	District Secretary/Treasurer and Business Manager	2012
Simmons, Perrine, Moyer and Bergman	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clear Creek Amana Community School District, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clear Creek Amana Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2013 on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 54 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the four years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
February 21, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Clear Creek Amana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the district's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- The district increased the general fund balance from a beginning balance of \$3,546,582 to an ending balance of \$5,087,713.
  - This represents an increase of \$1,541,131 and results in a general fund balance of 33.6% of general fund expenditures.
  - This ending fund balance continues a trend of increasing fund balances in the district since FY 2008.
    - 33.60% of general fund expenditures in FY 12
    - 25.10% of general fund expenditures in FY 11
    - 16.50% of general fund expenditures in FY 10
    - 13.36% of general fund expenditures in FY 09
    - 12.96% of general fund expenditures in FY 08
  - The general fund balance meets board policy parameters which set a minimum ending balance not to fall below a range of 6% to 10% of general fund expenditures (\$ 906,952 to \$1,511,586).
- Total general fund revenues continue to reflect a growth rate in excess of state funded growth primarily as a result of increased student enrollment.

<b>General Fund Revenue</b>	<b>Dollar and Percent Change</b>
FY12 \$16,690,674	(\$1,324,032 change or 8.62%)
FY11 \$15,366,642	(\$ 1,434,878 change or 10.3%)
FY10 \$13,931,764	(\$ 395,279 change or 2.92%)
FY09 \$13,536,485	(\$ 693,267 change or 5.40%)
FY08 \$12,843,218	(\$1,151,982 change or 9.85%)
FY07 \$11,691,236	(\$ 744,907 change or 6.81%)

- CCA increased resident students (1479.8 to 1565.2) a change of 85.4 students. The increase in resident students results in an increase in revenue in the general fund.
- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number

of students that choose to attend neighboring districts. For FY 2012, open enrollment brought a net gain of 170.8 students at a state cost per pupil of \$5,919 or \$1,010,965 dollars.

- The District continues to benefit from growth in the tax base (averaging \$51 million dollars per year or 9.4% growth per year since 2004).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

Within this audit report, you will find three primary sections: The Management's Discussion and Analysis (MD&A), The Basic Financial Statements, and Required Supplementary Information.

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the district's financial activities. In the MD&A, significant factors and trend lines affecting the overall financial health of the district are discussed.
- The Basic Financial Statements include the Government-wide Financial Statements. Governmental activities supported by tax and intergovernmental revenue are reported separately from activities typically supported through fees for service. These statements provide information about the activities of Clear Creek Amana Community School District as a whole and present an overall view of the district's finances.
- The Governmental Fund Financial Statements reports the Clear Creek Amana Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
  - Within the major governmental funds, the district reports on the General Fund which is the primary operating fund of the District. The Capital Projects Fund accounts for all resources used for the acquisition and construction of capital facilities, and the Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.
  - Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as Food and Nutrition, Day Care, and Public Pool.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.



Figure A-1 shows how the various parts of this audit report are arranged and relate to one another.

**Figure A-1**  
**Clear Creek Amana Community School District Annual Financial Report**

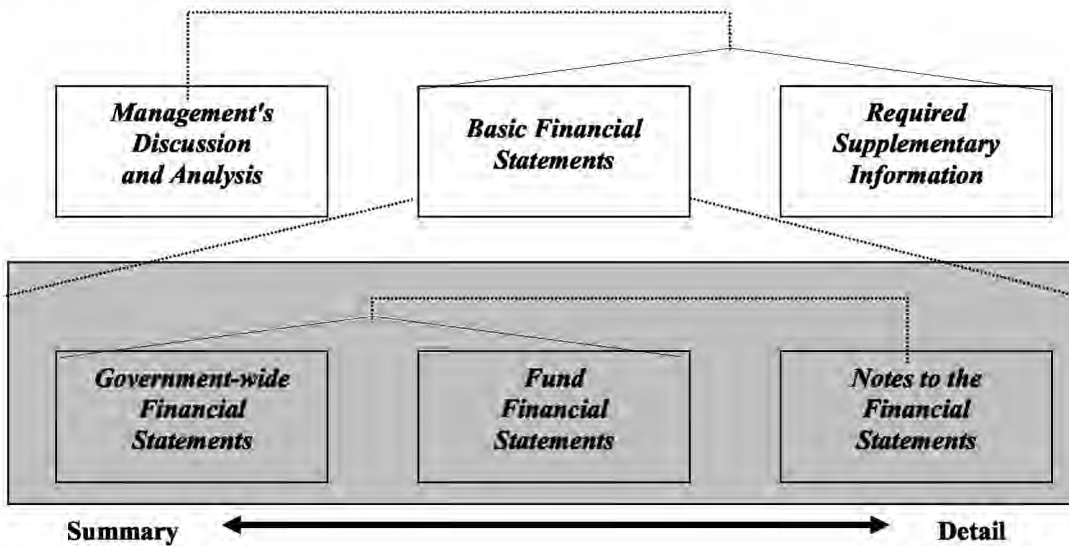


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, day care and public pool	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the district's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – are one way to measure the district's financial health or financial position. Over time, increases or decreases in the district's net assets are an indicator of whether financial position is improving or deteriorating. To assess the district's overall health, additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities, need to be considered.

Within the government-wide financial statements, the district's activities are divided into two categories:

- *Governmental activities:* Most of the district's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The district charges fees to help cover the costs of certain services it provides. The district's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The district establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants. The district maintains three categories of funds:

- 1) *Governmental funds:* Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. The district's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The districts' Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The district currently has several Enterprise Funds, the School Nutrition Fund, Day Care Fund and Pool Fund. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
- 3) *Fiduciary funds*: The district is the trustee, or fiduciary, for assets that belong to others. These funds include Restricted Purpose Trust and Agency Funds.
- Restricted Purpose Trust Fund – The district accounts for outside donations from the Springmier endowment for the purpose of supporting the high school library.
  - Agency Funds – These are funds through which the district administers and accounts for certain donations collected for support of certain expenditures related to the operation of the curricular and extra-curricular programs of the district.

The district is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3

Figure 11.3

	Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2012	2011	2012	2011	2012	2011	2011-12
Current assets	\$22,070,460	\$17,476,383	\$653,319	498,804	\$22,723,779	17,975,187	26.4%
Capital assets	50,908,374	51,968,120	415,520	428,854	51,323,894	52,396,974	2%
<b>Total assets</b>	<b>\$72,978,834</b>	<b>\$69,444,503</b>	<b>\$1,068,839</b>	<b>\$927,658</b>	<b>\$74,047,673</b>	<b>\$70,372,161</b>	<b>5.2%</b>
Long-term liabilities(bonds)	\$34,405,000	\$37,277,852	-	-	\$34,405,000	\$37,277,852	-7.7%
Other liabilities	13,050,341	9,886,101	119,249	53,953	13,169,590	9,940,054	32.5%
<b>Total liabilities</b>	<b>\$47,455,341</b>	<b>\$47,163,953</b>	<b>\$119,249</b>	<b>\$53,953</b>	<b>\$47,574,590</b>	<b>47,217,906</b>	<b>1.0%</b>
Net Assets:							
Invested in capital assets, net of related debt	\$16,503,374	15,558,120	415,520	428,854	16,918,894	15,986,974	5.8%
Restricted	4,886,301	3,894,239	-	-	4,886,301	3,894,239	25.4%
Unrestricted	4,133,818	2,828,191	534,070	444,851	4,667,888	3,273,042	42.6%
<b>TOTAL NET ASSETS</b>	<b>\$25,523,493</b>	<b>\$22,280,550</b>	<b>\$949,590</b>	<b>\$873,705</b>	<b>\$26,473,083</b>	<b>\$23,154,255</b>	<b>14.3%</b>

- The District's total net assets increased 14.3%, over the prior year. The largest portion of the District's total net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) net of related debt.
- Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets reflect an increase from the prior year.
- Unrestricted net assets – the part of governmental activities net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$1,305,627.
- District long-term liabilities reflect the bonds payable for the construction of a new elementary and a new secondary school in 2008 and 2009.

Figure A-4 compares the change in net assets for the years ended June 30, 2011 and June 30, 2012.

Figure A-4

	Change in Net Assets						Percentage Change 2011-12
	Governmental Activities		Business-type Activities		Total School District		
	2012	2011	2012	2011	2012	2011	
Revenues							
Program Revenues:							
Charges for services	\$2,335,604	\$2,088,027	\$992,551	\$1,021,566	\$3,328,155	\$3,109,593	7.0%
Operating grants, contributions and restricted interest	2,139,052	2,283,622	322,977	293,750	2,462,029	2,577,372	-4.5%
Capital grants, contributions and restricted interest	3,863	1,500	-	-	3,863	1,500	157.5%
General Revenues:							
Property taxes	9,081,173	8,719,122	-	-	9,081,173	8,719,122	4.2%
Income Surtax	944,954	946,849	-	-	944,954	946,849	0%
Local option sales tax	1,711,615	1,606,396	-	-	1,711,615	1,606,396	6.6%
Unrestricted state grants	6,354,050	5,424,670	-	-	6,354,050	5,424,670	20.5%
Unrestricted investment earnings	96,874	14,342	1,108	1,565	97,982	15,907	515%
Other revenue	119,534	245,981	-	-	119,534	245,981	-51.4%
<b>Total Revenues</b>	<b>\$22,786,719</b>	<b>\$21,330,509</b>	<b>\$1,316,636</b>	<b>\$1,316,881</b>	<b>\$24,103,355</b>	<b>\$22,647,390</b>	<b>6.4%</b>
Expenses:							
Instruction	10,571,894	9,547,906	-	-	10,571,894	9,547,906	10.7%
Support services	5,342,758	5,057,415	9,819	115	5,352,577	5,057,530	5.8%
Non-instructional programs	4,975	-	1,230,932	1,226,475	1,235,907	1,226,475	0%
Other expenditures	3,624,149	3,191,599	-	-	3,624,149	3,191,599	13.6%
<b>Total expenses</b>	<b>\$19,543,776</b>	<b>\$17,796,920</b>	<b>\$1,240,751</b>	<b>\$1,226,590</b>	<b>\$20,784,527</b>	<b>\$19,023,510</b>	<b>9.3%</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,242,943</b>	<b>3,533,589</b>	<b>75,885</b>	<b>90,251</b>	<b>3,318,828</b>	<b>3,626,880</b>	<b>-8.5%</b>
Net assets beginning of year	22,280,550	18,746,961	873,705	783,414	23,154,255	19,530,375	18.6%
Net assets end of year	\$25,523,493	22,280,550	949,590	873,705	26,473,083	23,154,255	14.3%

The changes in Net Assets in Figure A-4 show that the district experienced a 6.4% increase in revenues. An increase in educational services, property tax collections and income surtax revenue were the primary sources of revenue increases.

During the same period, the district increased expenditures at the rate of 9.3%. Maintaining expenditures to less than available revenue contributed to the overall improvement of net assets of 14.3%.

### **Governmental Activities**

Revenue in Government Activities increased primarily in educational services, property tax revenue, and income surtax revenue. Expenditures also increased, primarily in the area of instruction and plant operations due to increased energy costs.

### **Business Type Activities**

The District's business type activities include the School Food Nutrition, Day Care and Public Pool. Revenues of these activities were comprised of charges for service such as the increased price of school lunches, federal and state reimbursements. Revenues for business type activities were \$1,316,636 and expenses were \$1,240,751. It is the district intent that these activities are self supporting and maintain minimal fund balances.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Clear Creek Amana Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,261,074, an increase over last year's ending fund balances of \$7,140,464. This is largely due to an increase in assets from increased revenues and maintaining expenditures.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$3,546,582 to \$5,087,713 on June 30, 2012. This represents a balance of 33.6% of general fund expenditures, which is in excess of board policy minimum fund balance guideline of maintaining a balance of six to ten percent of expenditures.

- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$379,036 to \$473,004 on June 30, 2012. These funds remain available for future capital improvements and major equipment purchases.
- The Management Fund balance increased from \$291,685 to \$340,207 on June 30, 2012. The district is building a small balance in this fund in anticipation of staff retirements.

### Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$621,922 to \$661,766 on June 30, 2012 as a result of increased sales and federal revenues.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$934,867 more than budgeted revenues due mostly to increased student enrollment.

Total expenditures were \$405,002 less than the original budget, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. This year however, the budget was exceeded in the non-instructional programs and other expenditures area due to increased enrollment and calling \$1,185,000 of bonds during the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2012 the District had invested 51.3 million dollars, net of accumulated depreciation, in a broad range of capital assets. These assets include: land, buildings, athletic facilities, technology and transportation equipment. (See Figure A-6) This represents a slight decrease from last year. Depreciation expense for the year was \$1,537,126.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 1,578,566	\$ 1,578,566	-	-	\$ 1,578,566	\$ 1,578,566	0%
Construction in progress	70,635	26,057,390	-	-	70,635	26,057,390	-99%
Buildings	45,135,324	20,471,483	-	-	45,135,324	20,471,483	120%
Improvements	2,649,486	2,304,112	-	-	2,649,486	2,304,112	15%
Equipment & Furniture	1,474,363	1,556,569	415,520	428,854	1,889,883	1,985,423	-4.8%
<b>TOTAL</b>	<b>\$50,908,374</b>	<b>\$51,968,120</b>	<b>415,520</b>	<b>428,854</b>	<b>\$51,323,894</b>	<b>\$52,396,974</b>	<b>-2%</b>

## Long-Term Debt

At June 30, 2012, the District had \$35,146,607 in general obligation, revenue and other long-term debt. This is a decrease of \$2,131,245 from the prior year due to debt payment obligations. Termination benefits and compensated absences decreased by \$129,384 due to decreased district retirement obligations.

**Figure A-7**  
**Outstanding Long-Term Obligations**

	<b>Total School District</b>		<b>Percentage</b>
	<b>2012</b>	<b>2011</b>	<b>Change</b>
			<b>2011-12</b>
General Obligation Bonds	\$23,235,000	\$24,540,000	-5.3%
Capital Leases	0	51,861	-100%
Termination Benefits	530,243	670,232	-20.9%
Compensated Absences	52,364	41,759	25.4%
Revenue Bonds	11,170,000	11,870,000	-5.9%
Net OPEB Liability	159,000	104,000	52.9%
	<u>\$35,146,607</u>	<u>\$37,277,852</u>	<u>-5.7%</u>



## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Clear Creek Amana has benefitted from an increase in total valuation, averaging 51 million dollars or 9.4% per year over the past five years.
- School financing is highly dependent upon the student enrollment from the prior year. Enrollment has increased in the past five years for an average rate of 2.56 % per year. Looking ahead to FY13, the district will again benefit from an increase in student enrollment to 1576.45 students. The interest in students from other districts requesting open enrollment also continues to increase which will likely result in increased numbers of students attending the district in future years.
- The one-cent option sales tax generated \$1,711,615 dollars of revenue in FY2012. Beginning in FY2013, the income generated per student in Johnson County converts to the state wide average which will likely result in a slight reduction of annual income from this revenue source.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Lori Robertson, Director of Finance or Dr. Denise Schares, Superintendent, 327 South Augusta Avenue, Oxford, IA 52322. Phone: (319) 828-4510.

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## Basic Financial Statements

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2012

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 10,488,683	\$ 633,106	\$ 11,121,789
Receivables:			
Property tax:			
Current year	40,938	-	40,938
Succeeding year	9,850,990	-	9,850,990
Income surtax	861,043	-	861,043
Accounts	7,162	2,985	10,147
Due from other governments	821,644	242	821,886
Inventories	-	16,986	16,986
Capital assets, net of accumulated depreciation (note 4)	50,908,374	415,520	51,323,894
<b>Total assets</b>	<b>72,978,834</b>	<b>1,068,839</b>	<b>74,047,673</b>
<b>Liabilities</b>			
Accounts payable	374,002	24,960	398,962
Due to other governments	106,053	-	106,053
Salaries and benefits payable	1,600,987	77,397	1,678,384
Accrued interest payable	361,154	-	361,154
Deferred revenue:			
Succeeding year property tax	9,850,990	-	9,850,990
Other	15,548	16,892	32,440
Long-term liabilities (note 5):			
Portion due within one year:			
Termination benefits	243,433	-	243,433
Bonds payable	2,465,000	-	2,465,000
Compensated absences	52,364	-	52,364
Portion due after one year:			
Termination benefits	286,810	-	286,810
Bonds payable	31,940,000	-	31,940,000
Net OPEB liability	159,000	-	159,000
<b>Total liabilities</b>	<b>47,455,341</b>	<b>119,249</b>	<b>47,574,590</b>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 16,503,374	\$ 415,520	\$ 16,918,894
Restricted for:			
Categorical funding (note 10)	1,155,988	-	1,155,988
Debt service	2,010,092	-	2,010,092
Capital projects	687,938	-	687,938
Physical plant and equipment levy purposes	731,317	-	731,317
Student activities	202,108	-	202,108
Library levy purposes	98,858	-	98,858
Unrestricted	<u>4,133,818</u>	<u>534,070</u>	<u>4,667,888</u>
Total net assets	<u>\$ 25,523,493</u>	<u>\$ 949,590</u>	<u>\$ 26,473,083</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 10,571,894	\$ 2,045,749	\$ 1,484,592	\$ -
Support services:				
Student services	326,538	271,593	4,348	-
Instructional staff services	697,809	5,414	59,050	-
Administration services	2,019,310	-	-	-
Operation and maintenance of plant services	1,467,669	12,848	-	-
Transportation services	831,432	-	4,897	-
	5,342,758	289,855	68,295	-
Non-instructional programs	4,975	-	-	-
Other expenditures:				
Facilities acquisition	399,516	-	-	3,863
Long-term debt interest and fiscal charges	1,623,089	-	-	-
AEA flowthrough	586,165	-	586,165	-
Depreciation (unallocated) *	1,015,379	-	-	-
	3,624,149	-	586,165	3,863
Total governmental activities	19,543,776	2,335,604	2,139,052	3,863

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (7,041,553)	\$ -	\$ (7,041,553)
(50,597)	-	(50,597)
(633,345)	-	(633,345)
(2,019,310)	-	(2,019,310)
(1,454,821)	-	(1,454,821)
(826,535)	-	(826,535)
(4,984,608)	-	(4,984,608)
(4,975)	-	(4,975)
(395,653)	-	(395,653)
(1,623,089)	-	(1,623,089)
-	-	-
(1,015,379)	-	(1,015,379)
(3,034,121)	-	(3,034,121)
(15,065,257)	-	(15,065,257)

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Administration services	\$ 962	\$ -	\$ -	-
Operation and maintenance of plant services	8,539	-	-	-
Transportation services	318	-	-	-
	<u>9,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	861,944	595,738	313,470	-
Daycare operations	339,679	370,248	9,507	-
Pool operations	29,309	26,565	-	-
	<u>1,230,932</u>	<u>992,551</u>	<u>322,977</u>	<u>-</u>
Total business-type activities	<u>1,240,751</u>	<u>992,551</u>	<u>322,977</u>	<u>-</u>
Total	<u>\$ 20,784,527</u>	<u>\$ 3,328,155</u>	<u>\$ 2,462,029</u>	<u>\$ 3,863</u>

General revenues:

Property tax levied for:

- General purposes
- Debt service
- Capital outlay
- Library services

Income surtax

Statewide sales, services and use tax

Unrestricted state and federal grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation included  
in the direct expenses of the various programs.

See notes to financial statements.



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ -	\$ (962)	\$ (962)
-	(8,539)	(8,539)
-	(318)	(318)
-	(9,819)	(9,819)
-	47,264	47,264
-	40,076	40,076
-	(2,744)	(2,744)
-	84,596	84,596
-	74,777	74,777
(15,065,257)	74,777	(14,990,480)
\$ 6,068,019	\$ -	\$ 6,068,019
2,372,656	-	2,372,656
617,552	-	617,552
22,946	-	22,946
944,954	-	944,954
1,711,615	-	1,711,615
6,354,050	-	6,354,050
96,874	1,108	97,982
119,534	-	119,534
18,308,200	1,108	18,309,308
3,242,943	75,885	3,318,828
22,280,550	873,705	23,154,255
<u>\$ 25,523,493</u>	<u>\$ 949,590</u>	<u>\$ 26,473,083</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 6,502,585	\$ 1,111,357	\$ 2,210,342	\$ 663,636	\$ 10,487,920
Receivables:					
Property tax:					
Current year	26,576	9,389	2,213	2,760	40,938
Succeeding year	5,487,555	2,705,842	658,523	999,070	9,850,990
Income surtax	602,730	-	258,313	-	861,043
Accounts	7,162	-	-	-	7,162
Due from other governments	542,478	-	277,896	1,270	821,644
<b>Total assets</b>	<u>\$ 13,169,086</u>	<u>\$ 3,826,588</u>	<u>\$ 3,407,287</u>	<u>\$ 1,666,736</u>	<u>\$ 22,069,697</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 273,619	\$ -	\$ 79,009	\$ 21,374	\$ 374,002
Due to other governments	106,053	-	-	-	106,053
Salaries and benefits payable	1,595,868	-	-	5,119	1,600,987
<b>Deferred revenue:</b>					
Succeeding year property tax	5,487,555	2,705,842	658,523	999,070	9,850,990
Other	618,278	-	258,313	-	876,591
Total liabilities	8,081,373	2,705,842	995,845	1,025,563	12,808,623
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Categorical funding (note 10)	1,155,988	-	-	-	1,155,988
Revenue bonds	-	-	1,250,500	-	1,250,500
Revenue bond sinking fund	-	1,018,803	-	-	1,018,803
Debt service	-	101,943	-	-	101,943
School infrastructure	-	-	687,938	-	687,938
Physical plant and equipment	-	-	473,004	-	473,004
Management levy purposes	-	-	-	340,207	340,207
Student activities	-	-	-	202,108	202,108
Library purposes	-	-	-	98,858	98,858
Assigned for special purposes	33,469	-	-	-	33,469
Unassigned	3,898,256	-	-	-	3,898,256
Total fund balances	5,087,713	1,120,746	2,411,442	641,173	9,261,074
Total liabilities and fund balances	\$ 13,169,086	\$ 3,826,588	\$ 3,407,287	\$ 1,666,736	\$ 22,069,697

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2012

Total fund balances of governmental funds	\$ 9,261,074
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	50,908,374
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	861,043
The Internal Service Fund is used to charge the costs of the District's flexible benefits plan to the governmental funds and is therefore included in governmental activities.	763
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(361,154)
Long-term liabilities, including termination benefits, bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(35,146,607)</u>
Net assets of governmental activities	<u>\$ 25,523,493</u>
See notes to financial statements.	

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,190,622	\$ 2,372,161	\$ 2,597,741	\$ 525,335	\$ 11,685,859
Tuition	1,649,034	-	-	-	1,649,034
Other	218,788	317	93,507	421,553	734,165
State sources	7,816,975	495	129	1,172	7,818,771
Federal sources	815,255	-	-	-	815,255
Total revenues	16,690,674	2,372,973	2,691,377	948,060	22,703,084
Expenditures:					
Current:					
Instruction	9,781,754	-	14,759	416,048	10,212,561
Support services:					
Student services	325,023	-	-	-	325,023
Instructional staff services	572,442	-	91,072	32,673	696,187
Administration services	1,885,495	-	-	260,152	2,145,647
Operation and maintenance of plant services	1,302,160	-	57,484	107,006	1,466,650
Transportation services	662,828	-	177,978	25,644	866,450
	4,747,948	-	326,534	425,475	5,499,957
Non-instructional programs	-	-	-	4,975	4,975
Other expenditures:					
Facilities acquisition	-	-	610,937	-	610,937
Long term debt:					
Principal	-	3,241,861	-	-	3,241,861
Interest and fiscal charges	-	1,645,376	-	-	1,645,376
AEA flowthrough	586,165	-	-	-	586,165
	586,165	4,887,237	610,937	-	6,084,339
Total expenditures	15,115,867	4,887,237	952,230	846,498	21,801,832
Excess (deficiency) of revenues over (under) expenditures	1,574,807	(2,514,264)	1,739,147	101,562	901,252

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 28	\$ -	\$ -	\$ -	28
Compensation for loss of capital assets	132	-	19,472	-	19,604
General obligation bonds issued	-	1,185,000	-	-	1,185,000
Premium on bonds issued	-	14,726	-	-	14,726
Interfund transfers in (note 3)	-	1,355,211	33,836	-	1,389,047
Interfund transfers out (note 3)	(33,836)	-	(1,355,211)	-	(1,389,047)
Total other financing sources (uses)	(33,676)	2,554,937	(1,301,903)	-	1,219,358
Net change in fund balances	1,541,131	40,673	437,244	101,562	2,120,610
Fund balances beginning of year	3,546,582	1,080,073	1,974,198	539,611	7,140,464
Fund balances end of year	\$ <u>5,087,713</u>	\$ <u>1,120,746</u>	\$ <u>2,411,442</u>	\$ <u>641,173</u>	\$ <u>9,261,074</u>

See notes to financial statements.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 2,120,610

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 430,443	
Depreciation expense	<u>(1,490,189)</u>	(1,059,746)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities. 49,277

The change in net assets of the Internal Service Fund is included in governmental activities in the Statement of Activities due to the integral nature of the fund to the governmental funds. (20,730)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (1,185,000)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 3,241,861

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 22,287

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	139,989	
Compensated absences	(10,605)	
Net OPEB liability	<u>(55,000)</u>	<u>74,384</u>

Change in net assets of governmental activities \$ 3,242,943

See notes to financial statements.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012

	Enterprise			Internal Service
	School Nutrition	Nonmajor	Total	Flexible Benefits
<b>Assets</b>				
Cash and investments	\$ 317,227	\$ 315,879	\$ 633,106	\$ 763
Accounts receivable	-	2,985	2,985	-
Due from other governments	-	242	242	-
Inventories	16,986	-	16,986	-
Capital assets, net of accumulated depreciation (note 4)	415,520	-	415,520	-
Total assets	<u>749,733</u>	<u>319,106</u>	<u>1,068,839</u>	<u>763</u>
<b>Liabilities</b>				
Accounts payable	21,264	3,696	24,960	-
Salaries and benefits payable	49,811	27,586	77,397	-
Deferred revenue	16,892	-	16,892	-
Total liabilities	<u>87,967</u>	<u>31,282</u>	<u>119,249</u>	<u>-</u>
<b>Net Assets</b>				
Invested in capital assets	415,520	-	415,520	-
Unrestricted	<u>246,246</u>	<u>287,824</u>	<u>534,070</u>	<u>763</u>
Total net assets	<u>\$ 661,766</u>	<u>\$ 287,824</u>	<u>\$ 949,590</u>	<u>\$ 763</u>

See notes to financial statements.



## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	Enterprise			Internal Service
	School Nutrition	Nonmajor	Total	Flexible Benefits
Operating revenues:				
Local sources:				
Charges for services	\$ 595,738	\$ 396,813	\$ 992,551	\$ 55,329
Operating expenses:				
Support services:				
Administration services	585	377	962	-
Operation and maintenance of plant services	7,861	678	8,539	-
Transportation services	-	318	318	-
Non-instructional programs	861,944	368,988	1,230,932	76,059
	<u>870,390</u>	<u>370,361</u>	<u>1,240,751</u>	<u>76,059</u>
Operating income (loss)	(274,652)	26,452	(248,200)	(20,730)
Non-operating revenues:				
Interest on investments	1,026	82	1,108	-
State sources	8,607	-	8,607	-
Federal sources	304,863	9,507	314,370	-
Total non-operating revenues	<u>314,496</u>	<u>9,589</u>	<u>324,085</u>	<u>-</u>
Change in net assets	39,844	36,041	75,885	(20,730)
Net assets beginning of year	<u>621,922</u>	<u>251,783</u>	<u>873,705</u>	<u>21,493</u>
Net assets end of year	<u>\$ 661,766</u>	<u>\$ 287,824</u>	<u>\$ 949,590</u>	<u>\$ 763</u>

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	Enterprise			Internal Service
	School Nutrition	Nonmajor	Total	Flexible Benefits
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 591,672	\$ -	\$ 591,672	\$ -
Cash received from miscellaneous operating activities	4,109	396,113	400,222	55,329
Cash payments to employees for services	(278,779)	(314,679)	(593,458)	-
Cash payments to suppliers for goods or services	(412,058)	(58,860)	(470,918)	(76,059)
Net cash provided by (used by) operating activities	(95,056)	22,574	(72,482)	(20,730)
Cash flows from non-capital financing activities:				
State grants received	8,607	-	8,607	-
Federal grants received	241,916	10,881	252,797	-
Net cash provided by non-capital financing activities	250,523	10,881	261,404	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(33,603)	-	(33,603)	-
Cash flows from investing activities:				
Interest on investments	233	82	315	-
Net increase (decrease) in cash and cash equivalents	122,097	33,537	155,634	(20,730)
Cash and cash equivalents beginning of year	122,611	282,342	404,953	21,493
Cash and cash equivalents end of year	\$ 244,708	\$ 315,879	\$ 560,587	\$ 763

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012

	Enterprise			Internal Service
	School Nutrition	Nonmajor	Total	Flexible Benefits
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (274,652)	\$ 26,452	\$ (248,200)	\$ (20,730)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	46,937	-	46,937	-
Commodities used	62,947	-	62,947	-
(Increase) decrease in accounts receivable	572	(458)	114	-
(Increase) in due from other governments	-	(242)	(242)	-
Decrease in inventories	666	-	666	-
Increase (decrease) in accounts payable	20,744	(1,317)	19,427	-
Increase (decrease) in salaries and benefits payable	48,259	(1,861)	46,398	-
(Decrease) in deferred revenue	(529)	-	(529)	-
Net cash provided by (used by) operating activities	\$ <u>(95,056)</u>	\$ <u>22,574</u>	\$ <u>(72,482)</u>	\$ <u>(20,730)</u>
Reconciliation of cash and cash equivalents end of year to specific assets included on Statement of Net Assets:				
Cash and investments	\$ 317,227	\$ 315,879	\$ 633,106	\$ 763
Less items not meeting the definition of a cash equivalent:				
Certificate of deposit	<u>(72,519)</u>	-	<u>(72,519)</u>	-
Cash and cash equivalents end of year	\$ <u>244,708</u>	\$ <u>315,879</u>	\$ <u>560,587</u>	\$ <u>763</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$62,947 of federal commodities.

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies

Clear Creek Amana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Coralville, North Liberty, Oxford, Tiffin and the Seven Villages of the Amana Colonies, Iowa, and agricultural territory in Johnson and Iowa Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clear Creek Amana Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Clear Creek Amana Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Johnson and Iowa County Assessor's Conference Boards.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months. Investments not meeting the definition of cash equivalents at June 30, 2012 included \$72,519 of certificates of deposit with maturity dates longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2012 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	5-25 years
Furniture and equipment	3-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue for governmental funds consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue for governmental activities in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.



CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue for proprietary funds and business-type activities consists of unearned meal revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the District had investments as follows:

	Amortized Cost/ Fair Value
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 1,672
Money Market Mutual Fund	<u>1,103,514</u>
	<u>\$ 1,105,186</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The money market mutual fund is stated at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust and the money market mutual fund were rated AAAM by Standard & Poor's Financial Services.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 1,355,211
Capital Projects	General	<u>33,836</u>
		<u>\$ 1,389,047</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,578,566	\$ -	\$ -	\$ 1,578,566
Construction in progress	26,057,390	204,144	26,190,899	70,635
Total capital assets not being depreciated	<u>27,635,956</u>	<u>204,144</u>	<u>26,190,899</u>	<u>1,649,201</u>
Capital assets being depreciated:				
Buildings	25,663,341	25,690,031	-	51,353,372
Improvements other than buildings	2,998,660	500,868	-	3,499,528
Furniture and equipment	3,361,399	226,299	98,746	3,488,952
Total capital assets being depreciated	<u>32,023,400</u>	<u>26,417,198</u>	<u>98,746</u>	<u>58,341,852</u>
Less accumulated depreciation for:				
Buildings	5,191,858	1,026,190	-	6,218,048
Improvements other than buildings	694,548	155,494	-	850,042
Furniture and equipment	1,804,830	308,505	98,746	2,014,589
Total accumulated depreciation	<u>7,691,236</u>	<u>1,490,189</u>	<u>98,746</u>	<u>9,082,679</u>
Total capital assets being depreciated, net	<u>24,332,164</u>	<u>24,927,009</u>	<u>-</u>	<u>49,259,173</u>
Governmental activities capital assets, net	<u>\$ 51,968,120</u>	<u>\$ 25,131,153</u>	<u>\$ 26,190,899</u>	<u>\$ 50,908,374</u>
Business-type activities:				
Furniture and equipment	\$ 663,355	\$ 33,603	\$ 2,500	\$ 694,458
Less accumulated depreciation	<u>234,501</u>	<u>46,937</u>	<u>2,500</u>	<u>278,938</u>
Business-type activities capital assets, net	<u>\$ 428,854</u>	<u>\$ (13,334)</u>	<u>\$ -</u>	<u>\$ 415,520</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 4. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction	\$ 291,428
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Support services:

Administration	4,554
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Operation and maintenance of plant services	29,368
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Transportation	<u>149,460</u>
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	474,810
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Unallocated depreciation	<u>1,015,379</u>
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Total governmental activities depreciation expense	<u>\$ 1,490,189</u>
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Business-type activities:

Food service operations	<u>\$ 46,937</u>
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CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year		Additions		Reductions		Balance End of Year		Due Within One Year
Termination benefits	\$ 670,232	\$	95,432	\$	235,421	\$	530,243	\$	243,433
General obligation bonds	24,540,000		1,185,000		2,490,000		23,235,000		1,725,000
Revenue bonds	11,870,000		-		700,000		11,170,000		740,000
Lease purchase agreement	51,861		-		51,861		-		-
Compensated absences	41,759		52,364		41,759		52,364		52,364
Net OPEB liability	104,000		55,000		-		159,000		-
Total	<u>\$ 37,277,852</u>	\$	<u>1,387,796</u>	\$	<u>3,519,041</u>	\$	<u>35,146,607</u>	\$	<u>2,760,797</u>

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible licensed employees must be at least age fifty-five and must have completed at least twelve years of full-time service to the District. Eligible classified employees must be at least age fifty-five and must have completed at least thirty years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement cash stipend benefit for each eligible licensed employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement cash stipend benefits will be paid into a 403b plan in three annual payments.

The early retirement insurance benefit for each eligible employee is the District's contribution to the retired employee's monthly health insurance premiums at the amount set by the master contract for a single policy, until the retiree is eligible for Medicare.

At June 30, 2012, the District has obligations to twenty-three participants with a total liability of \$530,243. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$235,421. The cost of early retirement payments is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

General Obligation Bonds Payable

On May 29, 2012, the District issued \$1,185,000 of refunding bonds with interest rates from 1.0% to 2.0% to refund the August 1, 2003 bonds with interest rates from 3.3% to 3.5%. As a result of the refunding, the District reduced its total debt service requirements over the life of the bonds by \$59,041, which resulted in a net present value economic gain of \$54,015.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue August 1, 2002			
	Interest Rates	Principal	Interest	Total
2013	4.10 %	\$ 115,000	\$ 4,715	\$ 119,715
Year Ending June 30,	Bond Issue June 1, 2006			
	Interest Rates	Principal	Interest	Total
2013	- %	\$ -	\$ 684,450	\$ 684,450
2014	-	-	684,450	684,450
2015	-	-	684,450	684,450
2016	-	-	684,450	684,450
2017	-	-	684,450	684,450
2018-2022	4.625-4.750	6,425,000	3,018,625	9,443,625
2023-2026	4.750	8,060,000	977,312	9,037,312
		14,485,000	7,418,187	21,903,187
Year Ending June 30,	Bond Issue May 1, 2007			
	Interest Rates	Principal	Interest	Total
2013	3.80 %	\$ 770,000	\$ 281,773	\$ 1,051,773
2014	3.80	910,000	252,513	1,162,513
2015	3.80	950,000	217,933	1,167,933
2016	3.80	1,410,000	181,832	1,591,832
2017	3.80	1,465,000	128,251	1,593,251
2018-2019	3.80-3.85	1,905,000	87,405	1,992,405
		7,410,000	1,149,707	8,559,707
Year Ending June 30,	Bond Issue May 15, 2008			
	Interest Rates	Principal	Interest	Total
2013	3.50 %	\$ 40,000	\$ 1,400	\$ 41,400

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

Year Ending June 30,	Refunding Bond Issue May 29, 2012			
	Interest Rates	Principal	Interest	Total
2013	1.00 %	\$ 800,000	\$ 15,787	\$ 815,787
2014	2.00	385,000	7,700	392,700
		<u>1,185,000</u>	<u>23,487</u>	<u>1,208,487</u>
		Total		
Year Ending June 30,		Principal	Interest	Total
2013		\$ 1,725,000	\$ 988,125	\$ 2,713,125
2014		1,295,000	944,663	2,239,663
2015		950,000	902,383	1,852,383
2016		1,410,000	866,282	2,276,282
2017		1,465,000	812,701	2,277,701
2018-2022		8,330,000	3,106,030	11,436,030
2023-2026		8,060,000	977,312	9,037,312
		<u>\$ 23,235,000</u>	<u>\$ 8,597,496</u>	<u>\$ 31,832,496</u>

Revenue Bonds

Details of the District's June 30, 2012 school infrastructure sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	4.25 %	\$ 740,000	\$ 541,881	\$ 1,281,881
2014	4.25	480,000	515,956	995,956
2015	4.25	400,000	497,256	897,256
2016	4.25	430,000	479,619	909,619
2017	4.25	440,000	461,131	901,131
2018-2022	4.000-5.000	2,535,000	1,979,204	4,514,204
2023-2027	5.000-5.375	3,275,000	1,247,763	4,522,763
2028-2030	5.500-5.625	2,870,000	284,197	3,154,197
		<u>\$ 11,170,000</u>	<u>\$ 6,007,007</u>	<u>\$ 17,177,007</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continued)

The District pledged future school infrastructure (statewide) sales and services tax revenues to repay the \$12,505,000 bonds issued in June 2009. The bonds were issued for the purpose of financing a portion of the costs of a new high school athletic complex and auditorium. The bonds are payable solely from the proceeds of the school infrastructure (statewide) sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 52 to 75 percent of the school infrastructure (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$17,177,007. For the current year, principal of \$700,000 and interest of \$572,481 was paid on the bonds and total statewide sales and services tax revenues were \$1,711,615.

The resolution providing for the issuance of the school infrastructure sales and services tax revenue bonds includes the following provisions:

- (a) The bonds will be redeemed from the future earnings of the school infrastructure sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A reserve will be maintained in the amount of \$1,250,500 to be used solely for the purpose of paying principal and interest in the event the funds available within the sinking fund are not sufficient for that purpose.
- (c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the sinking fund for the purpose of making the bond principal and interest payments when due.
- (d) Any monies remaining in the revenue fund after the required transfer to the sinking fund may be transferred to the project fund to be used for any lawful purpose.

Note 6. Other Postemployment Benefits (OPEB)

**Plan Description** – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 177 active and 17 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Principal. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

**Funding Policy** – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation** – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.



CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 6. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 76,000
Interest on net OPEB obligation	2,000
Adjustment to annual required contribution	<u>(6,000)</u>
Annual OPEB cost	72,000
Contributions made	<u>(17,000)</u>
Increase in net OPEB obligation	55,000
Net OPEB obligation beginning of year	<u>104,000</u>
Net OPEB obligation end of year	<u><u>\$ 159,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$17,000 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 72,000	23.6%	\$ 159,000

**Funded Status and Funding Progress** – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$459,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$459,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,105,000, and the ratio of the UAAL to covered payroll was 4.5%. As of June 30, 2012, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 6. Other Postemployment Benefits (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis.

The UAAL is being amortized as a level dollar cost over the service of the group on a closed basis over 30 years.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the year ended June 30, 2012. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$713,862, \$654,859, and \$605,571, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Clear Creek Amana Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$586,165 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Limited English proficient	\$ 40,949
Gifted and talented programs	129,127
Returning dropouts and dropout prevention programs	634,524
Four-year-old preschool state aid	150,884
Salary improvement program	117,972
Iowa early intervention block grant	8,034
Professional development for model core curriculum	57,054
Professional development	17,444
	<hr/>
Total	\$ 1,155,988
	<hr/>

Note 11. Contingency

The District has one ongoing lawsuit. The District's insurance carrier is providing coverage for the lawsuit. The outcome of the case cannot be determined at this time.

Note 12. Subsequent Events

In July 2012, the District entered into a capital lease purchase agreement for computers totaling \$214,448. The agreement will be paid over three years and includes interest at 3.35%.

In August 2012, the District issued \$2,625,000 of school infrastructure sales, services and use tax revenue bonds. The bond proceeds will be used to finance an elementary school addition. The bonds are payable over eighteen years and include interest rates from 2.0% to 3.0%.

In August 2012, the District approved an elementary school addition contract for \$2,093,600.

In December 2012, the District issued \$7,150,000 of general obligation refunding bonds. The bond proceeds will be used for a partial crossover refunding of the 2006 general obligation bonds. The refunding bonds are payable over twelve years and include interest rates from 0.5% to 1.8%.

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## Required Supplementary Information

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year Ended June 30, 2012

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
<b>REVENUES:</b>					
Local sources	\$ 14,069,058	\$ 993,659	\$ 15,062,717	\$ 14,331,501	\$ 731,216
State sources	7,818,771	8,607	7,827,378	8,148,352	(320,974)
Federal sources	815,255	314,370	1,129,625	605,000	524,625
Total revenues	<u>22,703,084</u>	<u>1,316,636</u>	<u>24,019,720</u>	<u>23,084,853</u>	<u>934,867</u>
<b>EXPENDITURES/EXPENSES:</b>					
Instruction	10,212,561	-	10,212,561	10,325,000	112,439
Support services	5,499,957	9,819	5,509,776	6,500,900	991,124
Non-instructional programs	4,975	1,230,932	1,235,907	1,200,000	(35,907)
Other expenditures	6,084,339	-	6,084,339	5,421,685	(662,654)
Total expenditures/expenses	<u>21,801,832</u>	<u>1,240,751</u>	<u>23,042,583</u>	<u>23,447,585</u>	<u>405,002</u>
Excess (deficiency) of revenues over (under) expenditures/ expenses	901,252	75,885	977,137	(362,732)	1,339,869
Other financing sources, net	<u>1,219,358</u>	-	<u>1,219,358</u>	<u>13,934</u>	<u>1,205,424</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	2,120,610	75,885	2,196,495	(348,798)	2,545,293
Balance beginning of year	<u>7,140,464</u>	<u>873,705</u>	<u>8,014,169</u>	<u>5,567,307</u>	<u>2,446,862</u>
Balance end of year	<u>\$ 9,261,074</u>	<u>\$ 949,590</u>	<u>\$ 10,210,664</u>	<u>\$ 5,218,509</u>	<u>\$ 4,992,155</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(In Thousands)

Required Supplementary Information  
Year Ended June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
2010	July 1, 2009	\$ -	\$ 479	\$ 479	0.0%	\$ 9,177	5.2%
2011	July 1, 2009	-	475	475	0.0%	9,423	5.0%
2012	July 1, 2009	-	459	459	0.0%	10,105	4.5%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.



## Supplementary Information

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012

	Special Revenue			
	Management	Student	Library	Total
	Levy	Activity		
Assets				
Cash and pooled investments	\$ 337,791	\$ 218,511	\$ 107,334	\$ 663,636
Receivables:				
Property tax:				
Current year	2,469	-	291	2,760
Succeeding year	974,998	-	24,072	999,070
Due from other governments	-	1,270	-	1,270
Total assets	<u>\$ 1,315,258</u>	<u>\$ 219,781</u>	<u>\$ 131,697</u>	<u>\$ 1,666,736</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 53	\$ 17,673	\$ 3,648	\$ 21,374
Salaries and benefits payable	-	-	5,119	5,119
Deferred revenue:				
Succeeding year property tax	974,998	-	24,072	999,070
Total liabilities	<u>975,051</u>	<u>17,673</u>	<u>32,839</u>	<u>1,025,563</u>
Fund balances:				
Restricted for:				
Management levy purposes	340,207	-	-	340,207
Student activities	-	202,108	-	202,108
Library purposes	-	-	98,858	98,858
Total fund balances	<u>340,207</u>	<u>202,108</u>	<u>98,858</u>	<u>641,173</u>
Total liabilities and fund balances	<u>\$ 1,315,258</u>	<u>\$ 219,781</u>	<u>\$ 131,697</u>	<u>\$ 1,666,736</u>

See accompanying independent auditor's report.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2012

	Special Revenue			Total
	Management Levy	Student Activity	Library	
Revenues:				
Local sources:				
Local tax	\$ 502,401	\$ -	\$ 22,934	\$ 525,335
Other	24,600	333,454	63,499	421,553
State sources	163	-	1,009	1,172
Total revenues	<u>527,164</u>	<u>333,454</u>	<u>87,442</u>	<u>948,060</u>
Expenditures:				
Current:				
Instruction	125,243	290,805	-	416,048
Support services:				
Instructional staff services	-	633	32,040	32,673
Administration services	215,774	-	44,378	260,152
Operation and maintenance of plant services	107,006	-	-	107,006
Transportation services	25,644	-	-	25,644
Non instructional programs	4,975	-	-	4,975
Total expenditures	<u>478,642</u>	<u>291,438</u>	<u>76,418</u>	<u>846,498</u>
Excess of revenues over expenditures	48,522	42,016	11,024	101,562
Net change in fund balances	48,522	42,016	11,024	101,562
Fund balances beginning of year	<u>291,685</u>	<u>160,092</u>	<u>87,834</u>	<u>539,611</u>
Fund balances end of year	<u>\$ 340,207</u>	<u>\$ 202,108</u>	<u>\$ 98,858</u>	<u>\$ 641,173</u>

See accompanying independent auditor's report.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,710,879	\$ 499,463	\$ 2,210,342
Receivables:			
Property tax:			
Current year	-	2,213	2,213
Succeeding year	-	658,523	658,523
Income surtax	-	258,313	258,313
Due from other governments	277,896	-	277,896
<b>Total assets</b>	<b>\$ 1,988,775</b>	<b>\$ 1,418,512</b>	<b>\$ 3,407,287</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 50,337	\$ 28,672	\$ 79,009
Deferred revenue:			
Succeeding year property tax	-	658,523	658,523
Other	-	258,313	258,313
<b>Total liabilities</b>	<b>50,337</b>	<b>945,508</b>	<b>995,845</b>
<b>Fund balances:</b>			
Restricted for:			
Revenue bonds	1,250,500	-	1,250,500
School infrastructure	687,938	-	687,938
Physical plant and equipment	-	473,004	473,004
<b>Total fund balances</b>	<b>1,938,438</b>	<b>473,004</b>	<b>2,411,442</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,988,775</b>	<b>\$ 1,418,512</b>	<b>\$ 3,407,287</b>

See accompanying independent auditor's report.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS ACCOUNTS

Year Ended June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 1,711,615	\$ 886,126	\$ -	\$ 2,597,741
Other	85,170	8,337	-	93,507
State sources	-	129	-	129
Total revenues	<u>1,796,785</u>	<u>894,592</u>	<u>-</u>	<u>2,691,377</u>
Expenditures:				
Current:				
Instruction	-	14,759	-	14,759
Support services:				
Instructional staff services	-	91,072	-	91,072
Operation and maintenance of plant services	-	57,484	-	57,484
Transportation services	-	177,978	-	177,978
Other expenditures:				
Facilities acquisition	222,519	388,418	-	610,937
Total expenditures	<u>222,519</u>	<u>729,711</u>	<u>-</u>	<u>952,230</u>
Excess (deficiency) of revenues over (under) expenditures	1,574,266	164,881	-	1,739,147
Other financing sources (uses):				
Compensation for loss of capital assets	-	19,472	-	19,472
Interfund transfers in	-	33,836	-	33,836
Interfund transfers out	(1,301,830)	(53,381)	-	(1,355,211)
Intrafund transfers in	40,000	-	30,840	70,840
Intrafund transfers out	-	(70,840)	-	(70,840)
Total other financing sources (uses)	<u>(1,261,830)</u>	<u>(70,913)</u>	<u>30,840</u>	<u>(1,301,903)</u>
Net change in fund balances	312,436	93,968	30,840	437,244
Fund balances beginning of year	<u>1,626,002</u>	<u>379,036</u>	<u>(30,840)</u>	<u>1,974,198</u>
Fund balances end of year	<u>\$ 1,938,438</u>	<u>\$ 473,004</u>	<u>\$ -</u>	<u>\$ 2,411,442</u>

See accompanying independent auditor's report.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

June 30, 2012

	Daycare	Public Pool	Total
<b>Assets</b>			
Cash and investments	\$ 290,047	\$ 25,832	\$ 315,879
Accounts receivable	-	2,985	2,985
Due from other governments	242	-	242
Total assets	<u>290,289</u>	<u>28,817</u>	<u>319,106</u>
<b>Liabilities</b>			
Accounts payable	2,222	1,474	3,696
Salaries and benefits payable	21,834	5,752	27,586
Total liabilities	<u>24,056</u>	<u>7,226</u>	<u>31,282</u>
<b>Net Assets</b>			
Unrestricted	<u>\$ 266,233</u>	<u>\$ 21,591</u>	<u>\$ 287,824</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2012

	<u>Daycare</u>	<u>Public Pool</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 370,248	\$ 26,565	\$ 396,813
Operating expenses:			
Support services:			
Administration services	377	-	377
Operation and maintenance of plant services	-	678	678
Transportation services	318	-	318
Non-instructional programs	339,679	29,309	368,988
	<u>340,374</u>	<u>29,987</u>	<u>370,361</u>
Operating income (loss)	29,874	(3,422)	26,452
Non-operating revenues:			
Interest on investments	58	24	82
Federal sources	9,507	-	9,507
Total non-operating revenues	<u>9,565</u>	<u>24</u>	<u>9,589</u>
Change in net assets	39,439	(3,398)	36,041
Net assets beginning of year	<u>226,794</u>	<u>24,989</u>	<u>251,783</u>
Net assets end of year	<u>\$ 266,233</u>	<u>\$ 21,591</u>	<u>\$ 287,824</u>

See accompanying independent auditor's report.

## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2012

	Daycare	Public Pool	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 371,158	\$ 24,955	\$ 396,113
Cash payments to employees for services	(290,207)	(24,472)	(314,679)
Cash payments to suppliers for goods or services	(53,721)	(5,139)	(58,860)
Net cash provided by (used by) operating activities	<u>27,230</u>	<u>(4,656)</u>	<u>22,574</u>
Cash flows from non-capital financing activities:			
Federal grants received	<u>10,881</u>	-	<u>10,881</u>
Cash flows from investing activities:			
Interest on investments	<u>58</u>	<u>24</u>	<u>82</u>
Net increase (decrease) in cash and cash equivalents	38,169	(4,632)	33,537
Cash and cash equivalents beginning of year	<u>251,878</u>	<u>30,464</u>	<u>282,342</u>
Cash and cash equivalents end of year	<u>\$ 290,047</u>	<u>\$ 25,832</u>	<u>\$ 315,879</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ 29,874	\$ (3,422)	\$ 26,452
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
(Increase) decrease in accounts receivable	1,152	(1,610)	(458)
(Increase) in due from other governments	(242)	-	(242)
Increase (decrease) in accounts payable	(2,241)	924	(1,317)
(Decrease) in salaries and benefits payable	<u>(1,313)</u>	<u>(548)</u>	<u>(1,861)</u>
Net cash provided by (used by) operating activities	<u>\$ 27,230</u>	<u>\$ (4,656)</u>	<u>\$ 22,574</u>

See accompanying independent auditor's report.



## CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
MS Student Fundraiser	\$ 1,221	\$ 3,742	\$ 125	\$ 4,838
MS Bigger Faster Stronger	215	-	-	215
Class of 2010	3,519	-	3,519	-
Class of 2011	3,435	-	1,000	2,435
Class of 2012	6,628	-	3,009	3,619
Class of 2013	1,011	11,991	7,986	5,016
Class of 2014	-	1,000	-	1,000
Class of 2015	-	1,000	-	1,000
Elementary Student Account	(335)	335	-	-
Drama	4,754	3,010	4,084	3,680
MS Drama	729	506	277	958
Art Club	4,224	2,017	3,745	2,496
MS Art Club	78	-	-	78
Robotics Club	750	100	100	750
HS Musical	5,813	7,950	6,496	7,267
MS Show Choir	270	-	-	270
HS Jazz Band	1,152	1,985	1,500	1,637
HS Concessions	5,915	19,245	10,264	14,896
HS Student Fundraiser	3,046	538	1,851	1,733
Win With Wellness	305	320	283	342
Amana Fundraising	133	-	-	133
HS Athletics	56,281	177,054	142,305	91,030
MS Athletics	(2,188)	13,041	10,853	-
MS Athletic Fundraiser/Concessions	26	-	-	26
HS Yearbook	29,911	20,145	20,827	29,229
MS Cheerleading Club	866	-	-	866
NHS	886	1,215	456	1,645
Safe	78	144	51	171
Student Assistance Team	359	637	576	420
Spanish Club	613	-	-	613
Student Council	2,380	10,269	9,076	3,573
HS Transitions Student Fundraiser	-	731	505	226
MS Student Council	21,812	17,905	28,762	10,955
Weight Club	1,127	3,149	1,644	2,632
Government Club	-	27,336	24,981	2,355
Pom Squad	5,078	8,089	7,163	6,004
	<u>\$ 160,092</u>	<u>\$ 333,454</u>	<u>\$ 291,438</u>	<u>\$ 202,108</u>

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis Years Ended June 30,			
	2012	2011	2010	2009
Revenues:				
Local sources:				
Local tax	\$ 11,685,859	\$ 11,183,865	\$ 10,763,604	\$ 9,920,491
Tuition	1,649,034	1,539,521	1,357,176	1,130,035
Other	734,165	706,475	797,538	1,368,218
State sources	7,818,771	6,932,174	5,506,741	6,502,677
Federal sources	815,255	774,172	1,077,779	549,496
Total revenues	<u>\$ 22,703,084</u>	<u>\$ 21,136,207</u>	<u>\$ 19,502,838</u>	<u>\$ 19,470,917</u>
Expenditures:				
Instruction	\$ 10,212,561	\$ 9,562,898	\$ 9,080,537	\$ 9,312,449
Support services:				
Student services	325,023	307,927	379,260	315,732
Instructional staff services	696,187	684,850	628,140	826,405
Administration services	2,145,647	1,970,156	1,767,268	1,544,313
Operation and maintenance of plant services	1,466,650	1,482,470	1,563,413	1,379,802
Transportation services	866,450	752,961	755,626	850,761
Non-instructional programs	4,975	-	-	9,508
Other expenditures:				
Facilities acquisition	610,937	1,260,829	10,520,006	14,300,272
Long-term debt:				
Principal	3,241,861	1,945,384	1,215,529	997,504
Interest and fiscal charges	1,645,376	1,713,750	1,502,835	1,345,110
AEA flowthrough	586,165	597,803	564,144	496,524
Total expenditures	<u>\$ 21,801,832</u>	<u>\$ 20,279,028</u>	<u>\$ 27,976,758</u>	<u>\$ 31,378,380</u>

See accompanying independent auditor's report.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 9,877,435	\$ 7,005,106	\$ 5,563,759	\$ 4,668,747
894,697	843,785	864,055	831,045
1,649,981	1,657,083	622,669	490,905
6,481,142	5,726,397	5,486,156	5,262,267
625,576	524,561	315,725	299,347
<u>\$ 19,528,831</u>	<u>\$ 15,756,932</u>	<u>\$ 12,852,364</u>	<u>\$ 11,552,311</u>
\$ 8,442,875	\$ 7,867,766	\$ 7,349,809	\$ 7,386,489
253,504	238,943	221,792	212,790
523,684	606,214	494,515	471,945
1,483,939	1,545,928	1,269,213	935,683
1,196,637	1,271,048	1,143,662	1,099,448
836,655	745,477	669,869	665,794
110,589	-	31,086	21,792
16,440,617	2,365,508	466,890	223,868
1,285,883	549,171	470,000	450,000
1,225,102	816,347	146,439	164,629
467,919	433,596	388,998	370,505
<u>\$ 32,267,404</u>	<u>\$ 16,439,998</u>	<u>\$ 12,652,273</u>	<u>\$ 12,002,943</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Education:			
Impact Aid	84.041	FY 12	\$ <u>111,077</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 12	33,927
National School Lunch Program	10.555	FY 12	207,989
National School Lunch Program (non-cash)	10.555	FY 12	<u>62,947</u>
			<u>304,863</u>
Child and Adult Care Food Program	10.558	FY 12	<u>6,590</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1221G FY 12	26,273
Title I Grants to Local Educational Agencies	84.010	1221GC FY 12	<u>66,322</u>
			<u>92,595</u>
Special Education-Grants to States	84.027	FY 12	<u>1,336</u>
Safe and Drug Free Schools and Communities - National Programs	84.184	FY 11	1,527
Safe and Drug Free Schools and Communities - National Programs	84.184	FY 12	<u>2,821</u>
			<u>4,348</u>
Special Education - State Program Improvement Grants for Children with Disabilities	84.323	FY 12	<u>17,393</u>
Improving Teacher Quality State Grants	84.367	FY 12	<u>29,047</u>
Grants for State Assessments and Related Activities	84.369	FY 11	9,649
Grants for State Assessments and Related Activities	84.369	FY 12	<u>5,835</u>
			<u>15,484</u>
Education Jobs Fund	84.410	FY 11	167,825
Education Jobs Fund	84.410	FY 12	<u>4,318</u>
			<u>172,143</u>

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect (continued):			
U. S. Department of Education (continued):			
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	FY 12	\$ <u>76,245</u>
Career and Technical Education - Basic Grants to States	84.048	FY 12	<u>8,371</u>
University of Iowa:			
Education Research, Development and Dissemination	84.305	FY 11	5,510
Education Research, Development and Dissemination	84.305	FY 12	<u>6,046</u>
			<u>11,556</u>
U. S. Department of Health and Human Services:			
Iowa County Empowerment Board:			
Temporary Assistance for Needy Families	93.558	FY 12	<u>2,917</u>
Total			\$ <u><u>853,965</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clear Creek Amana Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 21, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Clear Creek Amana Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Clear Creek Amana Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-C-12 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clear Creek Amana Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Clear Creek Amana Community School District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clear Creek Amana Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Clear Creek Amana Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clear Creek Amana Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
February 21, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of  
Clear Creek Amana Community School District:

Compliance

We have audited Clear Creek Amana Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Clear Creek Amana Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clear Creek Amana Community School District's management. Our responsibility is to express an opinion on Clear Creek Amana Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clear Creek Amana Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clear Creek Amana Community School District's compliance with those requirements.

In our opinion, Clear Creek Amana Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Clear Creek Amana Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Clear Creek Amana Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over compliance.



Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
February 21, 2013

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clear Creek Amana Community School District qualified as a low-risk auditee.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-12 Bank Reconciliation – We noted that bank reconciliations were prepared for each bank account but not for the internal service fund account and the Bankers Trust revenue bond accounts. This led to posting errors remaining undetected and unrecorded transactions. We noted that revenue bond payments were overstated by \$25,015, \$84,694 of interest was not recorded, and no internal service fund transactions were recorded for the year. Adjusting journal entries have been made to the general ledger to record and correct these items.

Recommendation – All accounts, including the internal service fund and Bankers Trust revenue bond accounts, should be reconciled and tied to the general ledger each month. Any differences should be investigated and corrected. This would allow the District to timely detect and correct errors or omissions and would provide accurate and reliable financial information of the District throughout the year for the Board of Education's management decisions.

Response – Bank reconciliations for all accounts will be tied to the general ledger in the future. Any differences will be investigated and corrected timely.

Conclusion – Response accepted.

- II-B-12 Financial Reporting – During the audit, we identified material amounts of capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all capital asset additions are identified and included in the District's financial statements. The District should also track expenditures for large projects to accurately arrive at historical cost.

Response – We will double check these in the future to avoid missing any capital asset additions.

Conclusion – Response accepted.

- II-C-12 Fundraisers – We noted in our testing of Special Revenue, Student Activity Fund fundraisers that no fundraiser reconciliations are prepared by the activity sponsors for middle school fundraisers.

Recommendation – The District should adopt and enforce a policy which requires a fundraiser reconciliation to be completed by sponsors for all fundraisers. This reconciliation should tie total sales receipts to the related bank deposits and reconcile receipts to the related disbursements to determine if the fundraiser met the expected profit margin and if all amounts have been collected and deposited.

Response – We will consider implementing and enforcing a fundraiser reconciliation policy.

Conclusion – Response accepted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-12 Certified Budget – Expenditures for the year ended June 30, 2012, exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget in the future. The other expenditures function was exceeded because of the \$1,185,000 bonds called during the year from the refunding bond issuance.

Conclusion – Response accepted.

- IV-B-12 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- IV-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-12 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Elizabeth Momany, Board Member Spouse is owner of Amana Family Practice Clinic	Health services and supplies	\$199
Don Schneider, Bus Driver Owner of Golden Touch Power Cleaning	Bus washes	\$6,284

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions with the bus driver do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the transaction with the Board Member does not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year.

- IV-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-12 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

# CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

### Part IV: Other Findings Related to Statutory Reporting (continued):

IV-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-12 Deposits and Investments – At June 30, 2012, the District had investments in a money market mutual fund, which is not an allowable investment under its investment policy.

Recommendation – The District should either update the investment policy to allow money market mutual funds or transfer the investments to an allowable investment.

Response – We have transferred the accounts to an allowable investment.

Conclusion – Response accepted.

IV-J-12 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-12 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,626,002
Revenues/transfers in:		
Sales tax revenues	\$ 1,711,615	
Interest	85,170	
Transfers from other funds:		
Physical Plant and Equipment Levy Fund	<u>40,000</u>	1,836,785
Expenditures/transfers out:		
School infrastructure construction	222,519	
Transfers to other funds:		
Debt Service Fund	<u>1,301,830</u>	<u>1,524,349</u>
Ending balance		<u>\$ 1,938,438</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.